



## Office of the People's Counsel District of Columbia

1133 15th Street, NW • Suite 500 • Washington, DC 20005-2710  
202.727.3071 • FAX 202.727.1014 • TTY/TDD 202.727.2876



**Elizabeth A. Noël**  
People's Counsel

May 16, 2007

Monica Harvey  
Virginia Department of Environmental Quality  
629 East Main Street  
P.O. Box 1105  
Richmond, VA 23218

Re: D.C. Office of the People's Counsel's Comments on the Draft Consent Order Between the Virginia Department of Environmental Quality and the Mirant Potomac River Generating Station and the Draft Order of the City of Alexandria

Dear Ms. Harvey:

The Office of the People's Counsel of District of Columbia ("OPC-DC") is the statutory representative of District of Columbia utility ratepayers and consumers. It has recently been brought to our attention by the Mirant Corporation that the State Air Pollution Control Board is considering proposals regarding the future operation of the Mirant Potomac River Generating Station ("Potomac River Station") located in Alexandria, Virginia. OPC-DC requests the Virginia Department of Environmental Quality ("VaDEQ") consider all options and ensure that the reliability of electric service to the District of Columbia is not adversely impacted during the period the Potomac Electric Power Company ("PEPCO") is completing essential transmission upgrades that will reduce the District's future reliance on the Potomac River Station.

The Potomac River Station is critical to the reliability of electric service in the District of Columbia. In a 2006 proceeding before the Public Service Commission of the District of Columbia wherein PEPCO was granted the authority to install additional 230kV transmission lines, OPC-DC supported the expeditious processing and approval of PEPCO's proposal because of concerns that the loss of Potomac River Station during high load circumstances, such as are likely to exist in June and July, could have catastrophic impacts on the health and safety of District residents (and Virginia residents in the event that the Blue Plains Treatment Facility were lost for any appreciable amount of time). OPC-DC supported the addition of those transmission facilities because of, as it stressed the to District and federal regulators and PEPCO, the highest priority must be the provision of safe, adequate and reliable electric service to the District of Columbia. OPC-DC's goal was to support the addition of such transmission facilities as are

necessary to remove the dependence of the District on the Potomac River Station and thereby eliminate the principal argument why the Potomac River Station is necessary for reliability purposes.

The Potomac River Station is currently operating under an Emergency Order issued by the Secretary of Energy on January 31, 2007 that requires the facility to operate because he found an emergency exists due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, and a shortage of facilities for the transmission of electric energy.<sup>1</sup> The Secretary of Energy's Emergency Order expires on July 1, 2007, when PEPCO is expected to complete the transmission system upgrades. OPC-DC further understands the Potomac River Station is also subject to an Administrative Compliance Order by Consent entered into with the U.S. Environmental Protection Agency on June 1, 2006. That Administrative Compliance Order requires Mirant Potomac River, LLC ("Mirant"), the owner and operator of the Potomac River Station, to cooperate with the VaDEQ to develop operating permit emission limits protective of all National Ambient Air Quality Standards ("NAAQS") by June 1, 2007.<sup>2</sup> In addition, PEPCO has notified the U.S. Department of Energy that, in order to complete the transmission upgrades, it is scheduling one of the two transmission circuits to be out of service from June 2, 2007 through July 1, 2007.<sup>3</sup> During this outage, which is necessary in order to complete the transmission upgrades, maintenance of reliability in the District requires the Potomac River Station to be fully operational.

Mirant alleges that the expiration of the Administrative Compliance Order may potentially subject Mirant to emissions violations while the Potomac River Station is operating as directed by PJM in accordance with the Secretary of Energy's Emergency Order, because the Administrative Compliance Order expires one month before the Secretary of Energy's Emergency Order expires. As a consequence, the scheduled circuit outage coupled with a potential Mirant reduced operation or shutdown of the Potomac River Station because of the expiration of the Administrative Compliance Order could pose a significant threat to the maintenance and reliability of electric service in the District and would impede, if not prevent, PEPCO's completion of the transmission upgrades necessary to eliminate the need for the Potomac River Station for reliable service to the District.

OPC-DC respectfully requests the VaDEQ permit the full operation of the Potomac River Station, as directed by the Secretary of Energy's Emergency Order and PJM in a manner that will not adversely impact system reliability for the District of Columbia while also permitting the facility to operate while Mirant continues to undertake steps to ensure compliance with NAAQS. Accordingly, OPC-DC supports PJM's request that the VaDEQ adopt the draft consent order that best facilitates the

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<sup>1</sup> See *District of Columbia Public Service Commission*; Order No. 202-07-2, issued in Docket No. EO-05-01.

<sup>2</sup> See *In the Matter of Mirant Potomac River, LLC Potomac River Generating Station, Alexandria, Virginia*; Administrative Compliance Order by Consent, issued in Docket No. CAA-03-2006-0163DA.

<sup>3</sup> Letter from Kelly K. Sullivan, PEPCO Project Manager to Lawrence Mansueti, U.S. Department of Energy, dated April 30, 2007.

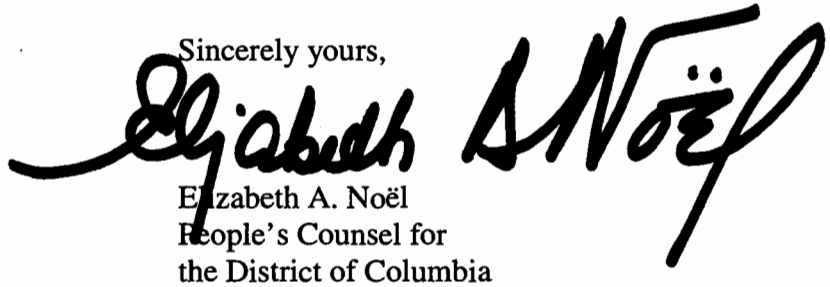
Monica Harvey

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operation of the Potomac River Station during planned or unplanned line outage situations until PEPCO has completed the transmission system upgrades.

Sincerely yours,

A large, stylized handwritten signature in black ink, reading "Elizabeth A. Noël". The signature is written in a cursive, flowing style with a large initial "E".

Elizabeth A. Noël  
People's Counsel for  
the District of Columbia

cc. Richard D. Langford, Chairman  
State Air Pollution Control Board

Honorable Adrian M. Fenty, Mayor  
Dan Tangherlini, City Administrator  
District of Columbia

Honorable Mary M. Cheh, Chair  
Committee on Public Services and Consumer Affairs  
Council of the District of Columbia

Honorable Agnes A. Yates, Chair  
Honorable Richard E. Morgan, Commissioner  
Honorable Betty Ann Kane, Commissioner  
Public Service Commission of the District of Columbia

Dennis R. Wraase  
Chairman, President and CEO, Pepco Holdings, Inc.